



The 242nd meeting of the Rhode Island Student Loan Authority was held on Friday, February 16, 2007 in the 2nd floor Conference Room, 560 Jefferson Boulevard, Warwick Rhode Island. Dr. Robert McKenna called the meeting to order at 10:47 A.M.

The following Board members were in attendance:

Dr. Anthony Santoro
Dr. Robert McKenna
Dr. William Croasdale
Mr. John Howell
Mr. Frank Caprio

Members Absent:

Ms. Patti Doyle

Others in attendance:

Mr. Noel Simpson, Executive Director, RISLA
Ms. Jennifer Dutch, RISLA
Mr. David Souto, NESLA
Mr. David DeBlois, NESLA
Mr. Gregory Silva, RIHEAA
Mr. Joseph R. Palumbo, Jr., General Counsel
Ms. Elizabeth Strout, Office of General Treasurer Intern
Ms. Meredith Holderbaum, Legislative Fiscal Analyst, Senate Fiscal Office
Xay Khamsyvoravong, Deputy Chief of Staff, Office of General Treasurer

Dr. Croasdale suggested that the Board first discuss the action items on the agenda regarding the Finance Subcommittee Report.

Dr. Croasdale discussed the Finance Subcommittee Report and then deferred to Mr. Simpson to review the items under action item #5a.

Mr. Simpson indicated that the Finance Subcommittee met on February 2nd to review the various audit reports which are required by the State and the Department of Education. Mr. Simpson reviewed these reports with the Board.

Upon a motion by Dr. Croasdale and seconded by Dr. McKenna it was unanimously

VOTED: To accept the recommendation of the Finance Subcommittee to accept the reports.

The Board moved to action item #5(b) regarding the continuation of the RIFEL program for 2007-2008. Dr. Croasdale indicated that the subcommittee thought this is a worthwhile program and that it should continue.

Mr. Simpson noted that this is a credit based alternative loan which requires a co-signer for students to participate; that it's a fixed rate loan at 6.95%; and he noted that RISLA originated about \$48M in RIFEL loans in the 2006-2007 academic year.

Mr. Simpson indicated that action item #5(c) would be to approve a resolution that would allow RISLA to convert some variable rate bonds to a fixed rate to match the asset to the liability.

Upon a motion by Dr. Croasdale and seconded by Dr. McKenna it was unanimously

VOTED: To approve the continuation of the RIFEL program for academic year 2007-08 and to approve a resolution that would allow RISLA to convert some variable rate bonds into a fixed rate.

Chairman's Report

Dr. Santoro noted that he was somewhat underwhelmed by the McJennett report but indicated there was a good point in the report regarding the College Planning Center. Dr. Santoro indicated he would like to form a subcommittee chaired by Dr. Croasdale to look at the College Planning Center and its benefits to Rhode Islanders and bring any recommendations back to the Board.

Mr. Howell asked when Dr. Santoro would like to have his report on the College Planning Center.

Dr. Santoro replied that he would like to have this report by the summer.

Dr. Santoro talked about arbitrage and the goal of reducing the federal rebate. Dr. Santoro appointed Mr. Howell to chair a committee to study ways of using the funds to help borrowers that would otherwise have to be paid to the federal government. Dr. Santoro suggested for example that the committee look at a loan forgiveness program could be for those who enter public service. He stated that the state is losing its young people graduating from college with large debt and they can't find well paying jobs to offset the debt burden and are therefore leaving the state to pursue their careers.

Mr. Caprio asked if there is a time frame to spend the rebate liability.

Mr. Simpson explained the maturity of the bonds and the payment is ten years, and it can be extended.

Mr. Howell asked Mr. Caprio if he would like to be on the committee. Mr. Caprio replied that he would.

Dr. Santoro offered his help as well and suggested that it might be helpful to bring in others to help in the evaluation. Mr. Howell inquired about the time frame, and Dr. Santoro stated he would like to see something as soon as possible. Dr. McKenna suggests using the insight of Russ Dannecker, the Senate Fiscal Advisor. Dr. Santoro asked Mr. Simpson to compile all the research he has currently done on loan forgiveness programs to pass on to the committee.

Dr. Santoro indicated that Mr. Howell came up with the idea of inviting the Governor to one of the Board meetings. Mr. Howell indicated he has spoken with John Pagliarini, the Governor's Deputy Chief of Staff, and Mr. Howell expressed to Mr. Pagliarini his desire to see what the Governor's agenda is and Mr. Pagliarini thought this was a good idea. Dr. Santoro thought it would be a good idea to invite him to a Board meeting or a RISLA conference.

Executive Director's Report

Mr. Simpson mentioned the "save the date" that was mailed to the Board members regarding the Financial Aid Professionals meeting. Mr. Simpson briefly explained what the meeting would entail.

Dr. Santoro introduced two people from the General Treasurer's office – Elizabeth Strout, an intern, and, Xay Khamsyvovong, the Deputy Chief of Staff.

Mr. Simpson indicated that at the RIHEAA meeting there was a motion adopted to allow RIHEAA to continue collecting the default fee on Stafford and PLUS loans. Mr. Simpson noted that RISLA met with the finance committee to discuss having RISLA pay that fee on behalf of the borrower. Mr. Simpson noted that this past year RISLA paid the full 1% fee on behalf of Stafford borrowers and 1/2 of the fee on behalf of PLUS borrowers. Mr. Simpson noted that for the upcoming academic year RISLA would be able to pay the full 1% fee on behalf of both PLUS loan and Stafford borrowers.

Upon a motion by Dr. Croasdale and seconded by Dr. McKenna it was unanimously

VOTED: That RISLA pay the default fee for PLUS loan and Stafford loan borrows for the 2007-08 academic year.

Mr. Simpson briefly discussed an article from the University of Rhode Island which referred to the nursing shortage in Rhode Island.

Mr. Simpson spoke about the cuts the federal government intends to make on the federal rates. Mr. Simpson noted that this would cut the interest rate that borrowers pay and the intent is to fund the increase in the Pell Grant program.

Ms. Dutch provided the financial report.

Dr. Santoro asked that the financial report be presented to the subcommittee from now on.

The board had a discussion about any need for RISLA to have a lobbyist.

Upon a motion by Dr. McKenna and seconded by Mr. Howell it was unanimously

VOTED: To adjourn.

Dr. Santoro adjourned the meeting at 11:50 A.M.

Adjournment was at 11:50 A.M.

Mr. John Howell
Secretary